

The ethanol subsidy has proved to be one of the biggest boondoggles in the history of Congress. According to the Treasury Department, the ethanol subsidy cost the American taxpayer \$5.3 billion from 1983 to 1994. Furthermore, ethanol subsidies artificially inflate the price of corn food products, costing American consumers millions each year. It is considered an environmental nightmare by many of our Nation's leading conservation groups.

Finally, Mr. Speaker, the approach to repealing the gas tax by 4.3 cents is fiscally responsible since repealing the ethanol subsidy of more than 50 cents a gallon will offset the revenue loss and not add to the deficit or require cuts in education funding.

Mr. Speaker, cutting corporate welfare to pay for a cut in the gas tax is a responsible choice for the taxpayers of this country, and I urge my colleagues to support the legislation I am introducing today.

TIME TO CUT TAXES IN AMERICA

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from Ohio [Mr. HOKE] is recognized during morning business for 3 minutes.

Mr. HOKE. Mr. Speaker, today is tax freedom day and today we are setting a new record for tax freedom day. It is not a record that we can be very proud of, but it is a record that I think I ought to bring to your attention and to the attention of the American people, in any event, and that is that this is the latest in the year that tax freedom day has ever fallen.

In other words, the day on which we celebrate the fact that we are no longer working for the government, but we are working for ourselves, our families, is today later than it has ever been in our history.

Mr. Speaker, I think that that confirms what Americans already know in their gut, and that is that taxes are too high and the government costs too much.

Consider the following: In 1950, the average-income family of four paid less than 5 percent of its total income in taxes and one wage earner could easily support the entire family on the average income in this country. But today, Mr. Speaker, that same average-income pays about 24 percent to the Federal Government alone, 38 percent when you add in State and local taxes, and that is the highest percentage in American peacetime history.

It is no wonder that tax freedom day is falling on the latest day that it ever has in the history of our country. Part of that is the result of tax increases that were enacted in 1993, increases which, as you know, Mr. Speaker, I voted against.

What is even more disturbing is that as a result of this, middle-class incomes are being squeezed; not to support the family, but to support the government. The pressure to earn more

leaves us with less time and less energy to spend with our children or to get involved with our churches or synagogues or to be involved with our communities. When that happens, Mr. Speaker, our entire Nation suffers and our children suffer.

Mr. Speaker, the corrosive and damaging effect of taxation on America's working families must be corrected. One giant step in the right direction is a \$500 per child tax credit, a measure that was passed by this Congress and vetoed by the President. With this credit, a family of four earning \$30,000 would have its 1996 Federal income tax cut in half. The entire Federal tax burden of 4.7 million working American families at the lowest income levels would be eliminated completely.

Mr. Speaker, I am supporting the repeal of the 1993 gas tax increase of 4.3 cents per gallon. Of all the forms of taxation, the gas tax is one of the most unfair because it falls disproportionately on those at the bottom of the economic ladder.

There are those who have said that it is politically motivated to repeal the gas tax. I say if it is, so what? There is rarely a day that the sun rises that is not a good day to cut taxes in America.

TAX CONSUMPTION RATHER THAN INCOME

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from California [Mr. CAMPBELL] is recognized during morning business for 3 minutes.

Mr. CAMPBELL. Mr. Speaker, on the subject of tax freedom day, there is a serious proposal being advanced by the gentleman from Texas [Mr. ARCHER], the Chairman of the Committee on Ways and Means, that we do away with the Federal income tax on individuals entirely. I think this is long overdue, and let me take a moment and explain why it is so important.

Mr. Speaker, suppose instead of talking about all the loopholes that we are going to close, and all of the small changes we are going to make here, and the tweaks and turns we are going to make, suppose we remove from the American public once and for all the burden of filling out that 1040 form; the burden of partnerships and subchapter S corporations, structuring their business in such a way as to avoid having to do this or that under our IRS; and get rid of the intrusiveness of the IRS into our personal lives.

Where would we make up the revenue? Well, the proposal would be to bury the personal income tax. Do not dare keep it alive, because if we put something else in place, Lord knows we will have both. But if we bury the personal income tax and instead raise money from a national consumption tax, here is how it could work.

Mr. Speaker, we could exempt food and rent and medicines. As a result, we really would not tax the poor at all. For all other goods and services in our

country, we would have a tax rate of under 19 percent.

Now, is 19 percent high? Sure. Would I rather have it lower? Of course I would. But, Mr. Speaker, if we could abolish the personal Federal income tax, and all the time that it takes to fill out that form, and all of the lost energy that businesspeople spend structuring deals to avoid taxation instead of inventing and promoting and selling, would it not be worth it?

How much is a 19-percent increase in the price of a good because of a sales tax? It is about a year and a half under President Carter's administration. It is about a year and a half of the inflation we had then. But once it is in, it is done. We are not talking about increasing it any more. And we would in one moment liberate the American taxpayer.

One other advantage is the underground economy would pay tax for the first time. Drug dealers do not fill out their 1040 listing their occupation "drug dealer, drug lord," but they do buy things. So we would tax people who consume. And we would create an incentive for those who save and invest.

Mr. Speaker, I used to teach economics, and a very simple rule of economics is people do less of that which you tax. Right now, we tax production of income. If, instead, we tax consumption, people will save and invest and that will make our country competitive for years to come.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12, rule I, the House will stand in recess until 2 p.m.

Accordingly (at 1 o'clock and 21 minutes p.m.), the House stood in recess until 2 p.m.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore [Mr. FOLEY] at 2 p.m.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

On this day we acknowledge those people who have made a difference in our lives and we remember them with admiration and gratitude. We are thankful, O gracious God, that we do not have to walk the road of life alone or meet the challenges of our day by ourselves, but rather our lives are enhanced and made full by the support and blessing of those near and dear to us. For families whose nurture to us is overwhelming, for colleagues who help point the way, and for friends whose affection and trust surround us, we offer these words of thanksgiving and appreciation. In Your name, we pray. Amen.